

European Money Lenders

Corrupt Our Money

BY PAUL STEVENS

This is the second in a series of articles on money reprinted from past issues of The American Mercury and which have subsequently been issued in a pamphlet titled Money Made Mysterious.

THE POWER of Congress to coin money and regulate its value, contained in Article I, Section 8, Part 5 of the Constitution, gives the citizen of the United States more complete insurance and protection of all his rights than is afforded him by all the rest of the Constitution combined, with the exception of the first ten amendments known as the Bill of Rights.

Over the strong objections of Thomas Jefferson, Alexander "Hamilton" ("Hamilton" was not his real name!—he was financed to come here from the British West Indies.) succeeded in persuading Congress to issue a federal charter in 1791 to the first "Bank of the United States."

Though the bank was one-fifth owned by the government it was in reality under private management, and as a "bank of issue" it usurped the Constitutional prerogative to administer the nation's money system. That was Hamilton's real aim! Said William Pitt, the brilliant English Statesman: "The American Colonies have won their independence, but it will do them no good because they have adopted the private banking system."

Foreigners Benefit from Bank

Within a short time it became clear that the Bank was under control of, and being operated for the benefit of, foreign banking interests, so when the Bank's 20 year charter came up for renewal in 1811, it was refused by Congress, and the bank which Hamilton helped set up to thwart the intent of the Constitution had to go out of business.

In 1816 a second "Bank of the United States" was given a federal charter by Congress. Like its defunct predecessor it was a "bank of issue" and also, like its predecessor, was largely controlled by foreigners through such front men as John Jacob Astor, Stephen Girard and David Parish. Parish was New York agent for the Vienna branch of the Rothschild outfit during the War of 1812.

During the next 20 years, the second "Bank of the United States" was an unchained monster in American life. It had been put under management of Nicholas Biddle who ran it according to the wishes of its foreign owners and in defiance of the welfare of Americans. The "Bank of the United States" in

those years probably did more than anything else to stir bitterness and hostility between the North and the South.

In 1836, Andrew Jackson vetoed the bill which would have renewed the Bank's charter which expired that year. In his veto message Jackson said, among other things: "The bold efforts the present bank has made to control the government, the distress it has wantonly caused, are but premonitions of the fate which awaits the American people should they be deluded into a perpetuation of this institution or the establishment of another like it."

U.S. Debts Paid Off

The policies of prudence and thrift in governmental affairs which characterized the administrations of Jefferson and his successors, including Jackson, were so beneficial—in spite of the deviltries of the Bank—that during Jackson's administration the last of the debt of the United States was paid off. From then until the Civil War the United States was without the curse of a centralized system of bank control. Though some debts were incurred—particularly in connection with the Mexican War—the nation was sound, progressing, and prosperous.

Banking was strictly a matter of state charter and state supervision. In the older and more experienced centers such as Boston, New York and Philadelphia, the state chartered banks were managed by men with enough experience to keep them out of trouble under ordinary circumstances, in spite of the treacherous gamble which always attends "fractional reserve" banking. In the newer sections of the country, however—that is, in the West and Western South—the state chartered banks often got into trouble and failed.

After Jackson's 1836 veto of the Bank of the United States federal re-charter bill, a flurry of state-chartered banking ventures resulted.

In 1837 the Rothschilds sent one of their "bright young men," under an assumed name, August Belmont, to America where he soon was running a bank under that name (but as a Rothschild agent) in New York City and sponsoring numerous other banks in other parts of the country, particularly in the South.

State Banks Fail

The European money-powers reasoned that since there no longer would be a single bank through which they could control the fortunes of the Republic, their best opportunity lay in controlling the fortunes of the several sovereign states. State banks became over-abundant and overextended so there were many failures. The result was that some of the states, which had issued their own bonds to help get banks going in their areas, found themselves with state debt for which there was nothing to show except uncollectible "deposits" of state funds in banks that couldn't meet their deposit liabilities.

Mississippi was a good example: the state sold \$5 million of bonds with which to subscribe to a third of the \$15 million capital of the Union Bank. The promoters of the Union Bank made ill-advised loans and within a short time the bank failed. That was common experience in several other southern states where agents for European bankers—like "Belmont"—were most avidly active in promoting state banks. Many banks failed but there was so much evidence of bad faith on the part of promoters that Mississippi and some other states refused to acknowledge the legality of indebtedness incurred for helping the promoters to initiate the ventures.

The European promoters of these abortive banking fiascos tried to compel the states to repay them for the "losses" they claimed they had sustained. But, with considerable weight of justice on

their side, there were some states who told them to "go chase themselves."

August "Belmont" and other American agents of European bankers, bought up "repudiated" bonds (where they did not already own them) of Mississippi and other southern states. They sought to have the United States government "compel" the southern states to pay off the disputed claims. The issue of "states rights" vs. a "strong central authority" thus was brought closer to the center of the national stage.

We may recall that Alexander "Hamilton" arranged for the Federal government to "assume" and pay off the debts of the several states soon after the Union was established. He did so in subservience to his speculator-friends and banker-associates who had bought up for a song almost worthless obligations which some states had issued in a flood during the Revolution. European bankers had reaped that one great harvest when Hamilton's debt "assumption" scheme was put across; they hoped for another such harvest by persuading the United States to *assume the liabilities*, or else to *force* the states to pay for losses resulting from European bankers' reckless bank promotions which soured on them.

There of course was the tariff question which caused friction between the trading and manufacturing interests of the North and East on one hand and the agricultural interests of the South and West on the other. The Negro slavery problem troubled the consciences of southerners as keenly as it did the northerners. Given time, the slavery problem (which by the way, was originated by monopolists of the slave trade who were protected by the same powers who obeyed orders of the Bank of England—for the Colonists had slavery forced upon them from England and Holland) would have been solved by the people it troubled most, the southerners themselves.

But the insistence of the trading and

manufacturing interests of the North and East on a high tariff on imports and the use of those tariff revenues to defray most of the cost of the Federal government (including expensive internal improvements) meant that the bulk of the cost of running the United States Government was being borne by the South!

What was the reason?

Cotton Exports Bring in Money

Exports of cotton from the South to England and Europe were the principal source of the foreign exchange which could pay for imports of goods into the United States. Consequently, the cotton-raising-and-exporting South in reality was obliged to pay higher prices for everything it bought than would have been necessary if the high import tariffs had not enabled the northern and eastern traders and manufacturers to demand (and get) artificially high prices for their wares. In other words, the South was producing the cotton which was sold abroad to get the foreign exchange to pay for goods imported into the states; and on the importation of those goods the Federal government was imposing import taxes sufficient to pay off the public debt; defray the cost of running the government; and to build works in areas where southerners gained no benefit whatsoever. That was the basic injustice against which the South rebelled. The political aspect of the slavery question was an afterthought seized upon to provide a phony *Cloak of Morality* to the crusade the European money-powers stirred up in their efforts to cause the Federal government to assume command over the southern states and either to assume their alleged liabilities to the European wild-cat bank promoters, or to compel them to pay up what the promoters were screaming was owing them.

So, here in a few words we have the real cause and motivation of that awful American tragedy of the nineteenth

century—the War Between the States: an economic problem involving an inequity between two sections of the nation; an alien group hungry for money profits it hoped to gain through a subjugation of one section by the other; and a deliberate injection by mischief makers of a moral problem, already nationally recognized, to cause the economic problem to be submerged in partisanship by a frenzy of emotional conflicts. There, “gentle reader,” is the background of the “Civil War!”

We have seen how the English and European money-powers lost their stranglehold on Americans during the Revolution; seen how Alexander “Hamilton” undertook to restore that power

to them; seen how the forthrightness of Andrew Jackson again released Americans from the grip of *aliens*; and have seen how the European banking-barons, never relenting, next undertook to re-fasten themselves upon the American people—even if to accomplish their ends they had to promote a fratricidal war.

(To be continued)

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